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BizFed Institute



## NextUp Intelligence: Is Cap-and-Trade Working For California?

More than 120 business, community, opinion leaders and elected officials participated in the BizFed Institute's [NextUp Business Forum: Is Cap-and Trade Working for California?](#) on June 3, 2015, at Woodbury University in Burbank. This major half-day educational event brought together top academic, government, and industry experts for a spirited discussion of the opportunities and challenges associated with cap-and-trade and Gov. Jerry Brown's ambitious greenhouse gas emission reduction plans. **Provided as a service by the BizFed Institute, this summary of forum's proceedings provides critical intelligence to inform this ongoing public policy discussion.**

*Tracy Rafter  
BizFed Founding CEO*

## HOT OFF THE PRESSES: The very latest on cap-and-trade

[Strategic Growth Council Approves \\$122 million in Affordable, Transit-Friendly Housing Grants and Loans](#), June 30 - [Only 23% of cap-and-trade affordable housing funds were awarded to the SCAG region](#) despite having nearly half of the state's population and a greater share of the state's disadvantaged population.

[California Gold: Bringing Cap And Trade Dollars to Southern California, August 6](#) - The Southern California Association of Governments invites you to join this regional forum on competitive grant funding from cap-and-trade revenues.

[Op-Ed: State's cap-and-trade program to cut greenhouse gases taking \\$2.2 billion but giving few operational answers](#), *LA Business Journal*, June 29, by Tracy Rafter, BizFed Founding CEO

## Virtual NextUp: Experience the Full Proceedings Online



You can experience the BizFed Institute's [NextUp Business Forum: Is Cap-and-Trade Working for California?](#) in [its entirety online via YouTube](#). Please click any of the following links for the segment you wish to view:

1. [Opening Remarks and Introductions](#) by **Don St. Clair**, BizFed Institute Chair, **Tracy Rafter**, BizFed Founding CEO, and **Dr. David Dauwalder**, Interim President, Woodbury University.
2. [Presentation: What is Cap-and-Trade Anyway?](#) by **Dennis Luna**, Managing Partner, **Luna & Glushon** and Editor-in-chief, **California Oil and Gas Report**, with introduction by Tracy Rafter
3. [What is Cap-and-Trade Anyway? Audience Q&A and Discussion](#)
4. [Presentation: Where Does the Money Go?](#) by **Colleen Callahan**, Deputy Director, **UCLA Luskin Center for Innovation**, with introduction by **MC Townsend**, BizFed Chair and President & CEO, **Regional Black Chamber of Commerce of the San Fernando Valley**
5. [Where Does the Money Go? Audience Q&A and Discussion](#)
6. [Moderator Introduction and Opening Remarks](#) by **Tracy Rafter**, BizFed Founding CEO, and panel moderator **Bob Wyman**, Latham & Watkins, LLP
7. [Panel: "Is Cap-and-Trade Working for California?"](#) Moderator: **Bob Wyman**, Global Co-chair, **Air Quality and Climate Change Practice**, Latham & Watkins, LLP; Panelists: **Richard Stapler**, Deputy Secretary for Communications, CA Natural Resources Agency; **Ellah Ronen**, Program Administrator, LA n Sync, Annenberg Foundation; **Andrew Cheung**, Cap and Trade Program Manager, Southern California Gas Company; **Bob Wyman**, Global Co-chair, Air Quality and Climate Change Practice, Latham & Watkins, LLP; **Tiffany Roberts**, Western States Petroleum Association; **Gary Gero**, President, Climate Action Reserve
8. [Audience Discussion with Keynote Panelists](#)
9. [Closing Remarks](#)

## What is Cap-and-Trade Anyway?



**Dennis Luna**, Managing Partner, **Luna & Glushon** and Editor-in-Chief, **California Oil and Gas Report**, presented an overview of California's cap-and-trade program. He began with a review of **AB 32, the Global Warming Solutions Act**, the 2006 legislation that commits California to reducing its greenhouse gas emissions to 1990 levels by 2020. Additionally, he explained how the greenhouse gas emissions credit auctions work both to reduce emissions and to raise revenue. He highlighted a number of ongoing policy and

legal concerns, but noted that cap-and-trade will be part of the public policy landscape for the foreseeable future.

[Click here](#) to download the full presentation.

## \$2.2 Billion in Cap-and-Trade Revenue: Where Does the Money Go?

**Colleen Callahan**, Deputy Director, **UCLA Luskin Center for Innovation**, gave a detailed presentation about how revenue from cap-and-trade is distributed to programs around the state. She noted that Senate Bill 535 (De León) requires at least 25 percent of the funds to benefit disadvantaged communities. Addressing a key concern

among Southern California leaders, she also highlighted the fact that, while LA County has more disadvantaged communities than anywhere else in the state, the process for distributing funds gives no guarantee of funding by region. As a result, of the 54 affordable housing projects statewide asked to submit full proposals, only 13 are located in the five-county Southern California region that contains half of state's population. [Additional key points included:](#)

- Cap-and-trade will result in over **\$2.2 billion in new state revenue** for the new fiscal year
- Cap-and-trade sets aside **funds specifically for disadvantaged communities**, and **LA County has more disadvantaged communities** than any other in county in California
- The process for local agencies, organizations, and programs to access those funds is unprecedented and complex. It's **fragmented and competitive**, with **no guarantee of funding by region**, and "benefit disadvantaged communities" criteria are very broadly defined.

See the full presentation for detailed information about cap-and-trade revenue and distribution. [\*\*Click here\*\*](#) to download the full report.

## The Experts: Diverse Points of View Illuminate Key Issues

A keynote panel of top experts with diverse backgrounds and points of view came together to tackle the opportunities and challenges associated with cap-and-trade and Gov. Jerry Brown's ambitious greenhouse gas emission reduction plans:



***Bob Wyman is the Global Chair of the Environment, Land & Resources Department and the Co-Chair of the Air Quality & Climate Change Practice Group at Latham & Watkins, LLC.***

He heads the National Climate Coalition and the California Climate Coalition, diverse coalitions whose members include public and private enterprises in the energy and manufacturing sectors. A member of the American College of Environmental Lawyers, the National Law Journal recognized him as one of the three most influential energy and environmental attorneys of the decade. His key points included:

- *Environmental leadership should come with recapturing benefits of our better performance.*
- *California can afford its environmental leadership position only if its cap-and-trade program remains cost-effective and does not impose unnecessary energy costs on California businesses.*
- *The cap-and-trade auction process and complementary programs shift investment decisions from the market to government. That can be appropriate in limited circumstances, such as remedying market failures or*

*making certain strategic investments. But otherwise, the carbon market should function on its own.*

- *It is not sustainable to drive businesses out of state.*



**As President of Climate Action Reserve, Gary Gero** is responsible for ensuring the organization meets the highest standards for transparency and environmental integrity. Gero has led the growth of a robust and trusted offset project registry that is the largest voluntary registry in the United States. He is a member of the Commodity Futures Trading Commission's Energy and Environmental Markets Advisory Committee and serves on the Steering Committee of the California Sustainability Alliance. He also is on the Board of the Los Angeles League of Conservation Voters. His key points included:

- *Cap-and-trade is a better way of managing emissions reductions because it moves reductions away from the regulatory sector and relies on the market.*
- *California uses best practices to drive its emission reduction efforts.*
- *California is not going in alone. 25% of the world is under an emissions pricing mechanism. It may feel lonely, but businesses across the world are calling for carbon pricing.*



**Prior to joining the Western States Petroleum Association, Tiffany Roberts** spent more than a decade advising state and local government policy makers on energy and climate policy. Roberts served as the Senior Energy, Climate Policy and Budget advisor to the Legislative Analyst's Office of the California Legislature. She has also served as the policy consultant to the California Senate Republican Caucus. An economist by training, she has authored numerous reports on traditional and alternative energy policies as well as other high-profile issues such as California's cap-and-trade program. Her key points included:

- *When you compare cap-and-trade to other green house emission reducing programs, it is the most cost efficient.*
- *It's important to acknowledge that there is no such thing as a free lunch. Money is being pulled out the private sector. We cannot take out that level of money without expecting an impact, both direct and indirect.*
- *The price signals resulting from cap-and-trade are not distributed equally.*



**Ellah Ronen is Program Administrator for LA n Sync at the Annenberg Foundation**, a groundbreaking partnership that brings together the academic, civic, nonprofit, business and philanthropic sectors of Greater Los Angeles to pursue and win major federal and state funding opportunities. Ronen coordinates the convening of strategic partners across the five LA n Sync sectors and helps support competitive applicants in their pursuit of large federal and state grants. Her key points included:

- *Given California's size and industry base, if we can make cap-and-trade work*

- here, we can make it work anywhere in the nation.*
- *It is crucial to leverage existing relationships and projects when trying to access cap-and-trade grant funds.*
  - *Funding to hire strong grant writers is key when competing with other California regions.*
  - *Communicating the importance of local cap-and-trade grant applications to our representatives to the state legislature is important.*



**Richard Stapler** has a wide range of experience in media relations and public policy. His government experience includes working for three Speakers' of the Assembly, the California Prison Healthcare Receivership, and since 2011, a **Deputy Secretary for the California Natural Resources Agency**. In addition, he has been communications director on a number of statewide ballot initiatives and candidate races and worked as an account manager on numerous public outreach and education campaigns. His key points included:

- *We have come a long way with AB 32, and revenue raised now should target investment to provide benefit to both the general community and businesses.*
- *We should focus on targeted investments to spur on innovation, such as using unused space such as roof tops for solar generation.*
- *AB 32 and water are connected! 20% to 30% of California's energy use comes from transporting water, and there is lots off opportunity for reduction.*



**Andrew Cheung** is currently **Cap and Trade Program Manager for Southern California Gas Company**, the nation's largest natural gas distribution company, and manages the customer and governance aspects of the greenhouse gas reduction program. He was previously Senior Counsel for the utility and negotiated a wide variety of renewable technologies, clean transportation, and energy efficiency transactions. His key points included:

- *Southern California Gas Company's goal is to reduce emissions as both an energy producer and supplier.*
- *Their aim is to help the consumer reduce emissions through transparency.*
- *It's important for consumers to have a strong way to see their greenhouse gas impact and be able to pursue energy efficiency measures they haven't considered before.*
- *We need to achieve game changers to reach the loftier post-2020 goals being considered in Sacramento.*
- *Innovation will be the key to achieving California's aggressive greenhouse gas reduction goals.*
- *Many effective technology approaches are not cost-effective right now, but they can be in the future.*

## **PHOTO GALLERY: Download photos from the forum**



To see the images of the event, visit [www.harveybranman.com](http://www.harveybranman.com). Scroll down to the Preview Gallery and type in **capandtrade**. Call (818) 954-9294 to order prints.

## Additional Resources

- [\*\*Governor, Lawmakers Postpone Negotiations Over Cap-and-Trade Funds\*\*](#), LA Times, June 5, 2015
- [\*\*Clean Energy Solutions\*\*](#), Southern California Gas Company
- [\*\*Seek Green Resources and Information\*\*](#), Southern California Gas Company
- [\*\*Cap-and-Trade Talk is All About the Money\*\*](#), Fox and Hounds, June 8, 2015
- [\*\*Natural Gas: A Foundational Fuel\*\*](#), Southern California Gas Company

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